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MILK MARKET INFORMATION BULLETIN
CHATTANOOGA, TENNESSEE, MARKETING AREA

Volume 19

AUGUST 1974

Number 1

Released Pursuant to \$1000.3 and \$1090.86, USDA-AMS
Federal Order No. 90, 112 Lee Parkway Drive, Chattanooga, Tennessee 37411
J. E. Bobo, Market Administrator

MARKET SUMMARY - AUGUST 1974

The Chattanooga Order MINIMUM uniform producer price is \$8.21 per cwt. at pool plants for milk testing 3.5% butterfat. The producer butterfat differential is 7.7 cents for each one-tenth of one percent above or below 3.5% test. This is a price increase of \$0.47 above August 1973 and an increase of 1 cent above July 1974.

In August 1974, 86.9% of producer milk received by pool plants was priced in Class I at \$8.46 per cwt., 10.8% was priced in Class II at \$6.49 per cwt. and 2.3% was priced in Class III at \$6.39 per cwt. for milk testing 3.5% butterfat. The August butterfat differential for all milk testing above or below 3.5% is 7.7 cents.

Total producer milk received at pool plants during August 1974 was 25,667,019 pounds which is an increase of 1,658,991 pounds or a daily average increase of 6.9% compared with August 1973. The August daily average deliveries from 579 producers was 1,430 pounds. This compares to 601 farms delivering a daily average of 1,289 per day during August 1973.

HEARING SET OCTOBER 8 ON FLUID MILK PRICES TO FARMERS IN ALL FEDERAL ORDERS

A public hearing on setting a minimum "floor" price for computing fluid milk (Class I) prices paid to farmers under all federal milk marketing orders will be held October 8 in Rosemont, Ill., the U. S. Department of Agriculture (USDA) announced Sept. 20, 1974. The hearing will begin at 9 a.m., in the Camelot Inn, 6565 North Mannheim Road, Rosemont, Illinois (near the O'Hare National Airport). Everyone interested -- producers, milk dealers, and consumers -- is invited to attend the hearing and present evidence.

AMS said the proposals for consideration would establish a minimum basic formula floor price at up to but not exceeding \$7.50 a hundredweight for the months through next March.

This proposed change in the basic formula price would affect only prices of fluid-use (Class I) milk, and not the market reserve supply of milk that goes into manufactured dairy products.

Under each of the orders, the fluid-use price is computed by adding a specified differential to the basic formula price, known as the Minnesota-Wisconsin (M-W) milk price series. The M-W price reflects average prices paid by processing plants in the two states for manufacturing grade milk.

Under the hearing proposals, if the M-W price is less than the proposed minimum floor price, the latter would be used in monthly price computations. In effect, this would give dairy farmers more price assurance for their fluid-use milk production this Fall and Winter.

Officials said milk production is now declining seasonally while feed costs are becoming less and less favorable to milk production. This is occurring at the time when heavier feeding is necessary because of normal short pastures during Fall and Winter.

USDA will evaluate the hearing evidence and decide whether the proposed temporary change in minimum federal order prices to farmers should be made.

COMPARISON OF MILK RECEIPTS AND UTILIZATION
(DAILY AVERAGE POUNDS)

	% Aug. '74 Over Aug. '73	Aug. 1974	July 1/ 1974	Aug. 1/ 1973
Number of Plants - Pool		3	4	4
- Non-Pool		14	14	13
<u>RECEIPTS</u>				
Pool Plants - Producer Milk	+ 6.9	827,969	1,039,685	774,453
- Other Source		48,444	62,939	35,917
- Other Federal Orders		45,317	27,169	532
Non-Pool Plants - Cl. I Sales in Area		61,622	48,873	93,968
TOTAL MILK RECEIPTS	+ 8.7	983,352	1,178,666	904,870
<u>UTILIZATION</u>				
<u>Class I Uses</u>				
Homo Milk	+ 6.6	414,075	382,025	388,494
2% Milk	+45.2	229,701	214,240	158,158
Skim	+ 6.4	21,786	20,148	20,469
Buttermilk	+10.2	60,288	58,330	54,721
Flavored Milk and Drink	+ 8.2	27,463	26,258	25,384
Sub-Total of Pkg. Items (Pool Plants)	+16.4	753,313	701,001	647,226
Other		4,003		
Sales to Non-Pool Plants		32	11,021	-0-
In Area Sales by Non-Pool plants	-34.4	61,622	48,873	93,968
TOTAL CLASS I USAGE		818,970		
<u>Class II Uses - Pool Plants only</u>				
Sweet Creams - Routes	+13.8	2,599	2,608	2,284
Sour Cream and Dip - Routes	+32.7	1,570	1,476	1,183
Yogurt - Routes	+18.1	431	422	365
Ice Cream		83,048	90,935	68,114
Other		46,791		
Sales to Non-Pool Plants		3,155		
TOTAL CLASS II USAGE		137,594		
<u>Class III Uses - Pool Plants only</u>				
Animal Feed and Dumped		5,796	5,805	5,085
Class III Shrinkage		13,918		
Inventory Variation		(5,783)		
Other		50		
Bulk Sales to Non-Pool Plants		12,807		
TOTAL CLASS III USAGE		26,788		
<u>IN AREA PACKAGED ROUTE DISPOSITION</u>				
<u>BY POOL PLANTS AND NON-POOL PLANTS</u>				
Homo Milk	- 5.3	327,678	294,268	345,921
2% Milk	+34.5	158,308	145,290	117,720
Skim Milk	+ 2.4	16,392	15,311	16,007
Buttermilk	- .9	46,886	45,291	47,288
Flavored Milk and Drink	- 1.5	21,218	20,016	21,532
Total Class I Disposition In-Area	+ 4.0	570,482	520,176	548,468
<u>CLASS I PKGD. ROUTE DISPOSITION</u>				
In-Area by Pool Plants	+12.0	508,860	471,303	454,500
In-Area by Non-Pool Plants	-34.4	61,622	48,873	93,968

1/ The Order was amended effective August 1, 1974 to provide for a three use classification. Therefore, comparison with previous months are not made for all items of use.

COMPUTATION OF PRODUCER UNIFORM PRICE

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AUGUST 1974	Class Percent	Butterfat Pounds	Product Pounds	Cwt. Price @ 3.5%	Total Value
Class I Producer Milk	86.9	586,055	22,299,499	\$8.46	\$1,886,537.62
Class II Producer Milk	10.8	214,964	2,778,517	6.49	180,325.76
Class III Producer Milk	2.3	129,154	589,003	6.39	37,637.30
TOTAL PRODUCER MILK	100.0	930,173	25,667,019		\$2,104,500.68
Add Value of Overages					-0-
Add Inventory Reclassification Charges					702.93
Add Value of Class I Other Source Milk and Producer Location Adjustments					-0-
Add $\frac{1}{2}$ Producer-Settlement Fund Balance					14,211.57
Total Utilization Value @ 3.5% Test			25,667,019	\$8.257348	2,119,415.18
Less Producer-Settlement Fund Reserve			25,667,019	.047348	12,152.82
PRODUCER UNIFORM PRICE @ 3.5% TEST			25,667,019	\$8.21	\$2,107,262.36

AUGUST 1974 MINIMUM PRODUCER PRICES CWT. f.o.b. CHATTANOOGA POOL PLANTS
 BUTTERFAT DIFFERENTIAL 7.7¢ PER POINT (EXCLUDES PREMIUMS)

TEST-%	PRICE	TEST-%	PRICE	TEST-%	PRICE	TEST-%	PRICE	TEST-%	PRICE
3.0	\$7.825	3.6	\$8.287	4.2	\$8.749	4.8	\$9.211	5.4	\$9.673
3.05	7.8635	3.65	8.3255	4.25	8.7875	4.85	9.2495	5.45	9.7115
3.1	7.902	3.7	8.364	4.3	8.826	4.9	9.288	5.5	9.75
3.15	7.9405	3.75	8.4025	4.35	8.8645	4.95	9.3265	5.55	9.7885
3.2	7.979	3.8	8.441	4.4	8.903	5.0	9.365	5.6	9.827
3.25	8.0175	3.85	8.4795	4.45	8.9415	5.05	9.4035	5.65	9.8655
3.3	8.056	3.9	8.518	4.5	8.98	5.1	9.442	5.7	9.904
3.35	8.0945	3.95	8.5565	4.55	9.0185	5.15	9.4805	5.75	9.9425
3.4	8.133	4.0	8.595	4.6	9.057	5.2	9.519	5.8	9.981
3.45	8.1715	4.05	8.6335	4.65	9.0955	5.25	9.5575	5.85	10.0195
3.5	8.21	4.1	8.672	4.7	9.134	5.3	9.596	5.9	10.058
3.55	8.2485	4.15	8.7105	4.75	9.1725	5.35	9.6345	5.95	10.0965

CHATTANOOGA FEDERAL ORDER - MILK BASE RULES

The following Federal Order rules apply in connection with the establishment and assignment of producer milk bases for the Chattanooga Marketing Area:

- (a) A base shall be assigned to the producer for whose account milk is received at a pool plant during the months of September through January.
- (b) An entire base may be transferred effective as of the end of any month during which an application, on approved form, for such transfer is received by the Market Administrator.
 1. All base transfers shall be signed by the person transferring base and the person receiving base.
 2. If a base is held jointly, the transfer application shall be signed by all joint holders or their heirs.
- (c) A base established as a partnership may be divided between the partners on any basis agreed to in writing by the partners, provided written notification is given the Market Administrator prior to the first day of the month on which such division is to be effective.

CHATTANOOGA ORDER MINIMUM MILK PRICES (3.5 PERCENT TEST)

Date	PRODUCER UNIFORM PRICES <u>1/</u>				HANDLER CLASS PRICES <u>1/</u> <u>4/</u>		
	Per Hundredweight				Class I	Class II	Class III
	Uniform	Base	Excess	Bf. Dif.	Cwt.	Cwt.	Cwt.
Aug. '73	\$7.74	-	-	8.0¢	\$7.88	\$6.38	
Sept.	8.28	-	-	9.6	8.37	6.91	
Oct.	8.33	-	-	10.0	8.53	7.49	
Nov.	8.86	-	-	9.2	9.06	7.64	
Dec.	9.20	-	-	8.6	9.64	7.94	
Jan. '74	9.33	-	-	8.2	9.79	8.10	
Feb.	9.40	-	-	7.8	10.09	8.14	
Mar.	9.51 <u>2/</u>	\$9.85	\$8.15	7.8	10.25	8.15	
Apr.	9.33 <u>2/</u>	9.81	7.73	8.0	10.29	7.73	
May	9.17 <u>2/</u>	9.89	6.93	7.6	10.30	6.93	
June	8.50 <u>2/</u>	9.17	6.31	7.2	9.88	6.31	
July	8.20 <u>2/</u>	8.66	6.29	7.2	9.08	6.29	
Aug.	8.21	-	-	7.7	8.46	6.49	\$6.39
Sept.	-	-	-	-	8.44	-	-
Oct.	-	-	-	-	8.54	-	-

Date	PRICE QUOTATIONS			PRODUCER MILK USE <u>4/</u>			
	Chi. 92°	Chi. Area	Minn/Wisc.	(Daily Average)			
	Butter ¢ Lb.	Powder ¢ Lb.	Mfg. Milk Cwt. -3.5%	Class I Pounds	Class II Pounds	Class III Pounds	Percentage Use Cl. I Cl. II Cl. III
Aug. '73	78.15	47.96	\$6.38	647,883	126,570		83.7 16.3
Sept.	85.94	50.07	6.91	675,195	71,764		90.4 9.6
Oct.	79.34	50.82	7.49	672,259	66,947		90.9 9.1
Nov.	75.00	51.04	7.64	690,996	65,376		91.4 8.6
Dec.	71.98	52.03	7.94	735,380	233,683		75.9 24.1
Jan. '74	68.49	55.13	8.10	737,793	249,088		74.8 25.2
Feb.	64.07	57.75	8.14	691,834	361,676		65.7 34.3
Mar.	68.06	61.52	8.15	723,583	404,160		64.2 35.8
Apr.	68.23	68.73	7.73	744,227	434,702		63.1 36.9
May	60.51	66.22	6.93	804,711	378,718		68.0 32.0
June	60.57	58.45	6.31	697,373	443,971		61.1 38.9
July	60.83	56.52	6.29	715,569	324,116		68.8 31.2
Aug.	67.08	57.05	6.39	719,339	89,630	19,000	86.9 10.8 2.3

SUMMARY OF RECEIPTS AND USE (DAILY AVERAGE POUNDS)

Date	HANDLERS GROSS MILK <u>3/</u>			PRODUCER DATA					
	No. Hdlers	Total Receipts	Class I Use <u>4/</u>	Pool Plants	No. Prod.	Total Delivery	Base Delivery	Average Test-%	Av. Per Farm
Aug. '73	17	905,289	742,937	4	601	774,453	-	3.63	1,289
Sept.	16	954,718	786,950	3	567	746,959	-	3.63	1,317
Oct.	16	926,692	776,654	3	561	739,206	-	3.74	1,318
Nov.	16	916,985	793,538	3	553	756,372	-	3.87	1,368
Dec.	17	1,157,582	829,686	4	624	969,063	-	3.91	1,553
Jan. '74	17	1,170,171	837,331	4	626	986,881	-	3.94	1,576
Feb.	17	1,233,886	790,532	4	738	1,053,510	-	3.87	1,428
Mar.	17	1,275,930	783,913	4	701	1,127,743	909,675	3.74	1,609
Apr.	18	1,406,083	806,245	4	750	1,178,929	913,117	3.73	1,572
May	18	1,393,911	868,280	4	749	1,183,429	899,410	3.67	1,580
June	18	1,302,939	753,227	4	722	1,141,344	877,774	3.61	1,581
July	18	1,178,805	765,797	4	731	1,039,685	841,605	3.59	1,422
Aug.	17	983,351	818,969	3	579	827,969	-	3.62	1,430

1/ Excludes Premiums2/ Weighted Average Price3/ Other Source is Gross minus Producer; Class II is Receipts minus Class I4/ Order amended August 1, 1974 to provide for three classes of utilization; therefore not comparable in all categories to previous months.